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SIPDIS

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NEA FOR FRONT OFFICE; NEA/IPA FOR
WILLIAMS/SHAMPAINE/STEINGER; PRM FOR PDAS GREENE AND
PRM/ANE; NSC FOR ABRAMS/WATERS; TREASURY FOR
SZUBIN/LOEFFLER/NUGENT/HIRSON; BRUSSELS FOR LERNER; PLEASE
PASS TO USAID FOR KUNDER/MCCLOUD/BORODIN

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TAGS: [EAID](#) [ECON](#) [EFIN](#) [PREL](#) [PROV](#) [KWBG](#)
SUBJECT: LOCAL DEVELOPMENT FUND CONVENES; SUPPORTS
SEPTEMBER AHLC MEETING

REF: JERUSALEM 1519

¶1. (SBU) Summary. The Local Development Forum (LDF) met July 24 for the first time since December 2005. Prime Minister Salam Fayyad stressed the urgent need for donor assistance and called for an Ad Hoc Liaison Committee (AHLC) meeting in September, followed by a donors' conference before the end of the year. He called on donors not to confer "legitimacy" on the Hamas take-over of Gaza. The Consul General reiterated USG support for the PA and expressed support for an AHLC meeting this fall. While agreeing that the AHLC should convene soon, the EU was less clear on the timing and venue. Norway reiterated its view that the AHLC should be occur on the margins of the UNGA and be held at the ministerial level. End summary.

¶2. (SBU) The Local Development Forum (LDF), which serves as a forum for regular coordination at the local level for donor and aid agencies, convened July 24 in Ramallah. This was the first meeting of its kind since the LDF replaced its predecessor, the Local Aid Coordination Committee, in December 2005. Chaired jointly by the Palestinian Authority's Ministry of Planning, Norway, the World Bank and UNSCO, and co-sponsored by the EU and USG, the LDF and its strategy groups became ineffective after March 2006 when the formation of a Hamas-led government prompted many donors to avoid working directly with the PA.

¶3. (SBU) In a demonstration of both donor community-PA re-engagement as well as a reinvigorated aid coordination process, Prime Minister Salam Fayyad opened the July 24 LDF meeting. Emphasizing the unity of the West Bank and Gaza and the need to address the humanitarian situation in Gaza, Fayyad said that the PA and the donor community "should proceed in a manner that does not confer any legitimacy" on the Hamas leadership in Gaza and "does not undermine the PA." He said the PA is "fully engaged" in improving the lives of the Palestinian people. He urged that, in the months ahead, donors consider a more comprehensive approach in formulating assistance plans. Fayyad stated that sustainable development and the realization of normal economic life are more likely to be realized from the efforts of private enterprise than from donor programs.

¶4. (SBU) Fayyad declared his support for Norway's proposal that an Ad Hoc Liaison Committee (AHLC) meeting to be held in September. He stated that the AHLC meeting should "take stock" and "lay out what is expected in a clear and precise

manner." He said he hoped the meeting would "send a strong signal of support for what we're trying to do here under difficult circumstances." Fayyad recommended that a broader donors' conference be held before the end of the year to follow-up on the AHLC meeting.

15. (SBU) In opening remarks after Fayyad, the Consul General stated that the USG supports Fayyad's position on an AHLC meeting and a follow-on donors' conference. He noted that President Bush made clear in his July 16 speech that the USG is strengthening its financial commitment to the Palestinian people and the government led by President Abu Mazen and Prime Minister Fayyad. EU and EC representatives voiced their support for holding an AHLC meeting soon. The EC also announced an additional EURO 90 million in assistance, bringing the total to over USD 1.1 billion in 2007. LDF Joint Chair Norway's Representative asserted that, based on consultations in recent days, consensus had been established on the need for an AHLC soon, and Oslo continues to propose that it be held at the Ministerial level on the margins of the UNGA.

WALLES